

Message Text

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PAGE 01 GENEVA 03284 01 OF 02 021308Z
ACTION EB-08

INFO OCT-01 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 PA-01 CTME-00 AID-05 SS-15
STR-07 ITC-01 TRSE-00 SP-02 SOE-02 OMB-01 DOE-11
NSCE-00 SSO-00 USIE-00 INRE-00 AF-10 ARA-10 EA-10
EUR-12 NEA-10 OIC-02 DOEE-00 /148 W
-----088190 021326Z /42

O 021249Z MAR 78
FM USMISSION GENEVA
TO SECSTATE WASHDC IMMEDIATE 6663
INFO AMEMBASSY TOKYO

LIMITED OFFICIAL USE SECTION 01 OF 02 GENEVA 03284

USMTN

PASS STR ELECTRONICALLY FOR ANN HUGHES
PASS COMMERCE FOR MONTGOMERY

E.O.11652: N/A
TAGS: ETRD, GATT, MTN,JA
SUBJECT: PROPOSED U.S. REQUESTS FOR GREATER-THAN-FORMULA
TARIFF CUTS BY JAPAN

REF: GENEVA 02970

1. MTN DEL HAS COMPLETED MATERIAL CITED PARA 4 REFTEL
AIMED AT FACILITATING ISAC INPUT FOR RAPID PRESENTATION
OF U.S. SPECIFIC REQUESTS TO JAPAN FOR TARIFF CONCESSIONS.
MURRAY ZINOMAN (STATE/EB) HAND-CARRYING TO WASHINGTON
TODAY FOR DELIVERY TO ANN HUGHES, STR, FRIDAY MORNING
MARCH 3.

2. MATERIAL CONSISTS OF 2 COMPLETE SETS OF COMPUTER
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PAGE 02 GENEVA 03284 01 OF 02 021308Z

PRINT-OUT DIVIDED INTO 26 SECTIONS CORRESPONDING TO ISAC
PRODUCT COVERAGE. A COVER NOTE IS INCLUDED DESCRIBING
ABBREVIATIONS USED AND CALLING ATTENTION TO FACT THAT THE
PRINTOUTS COVER ONLY PRODUCTS WHERE JAPANESE IMPORTS FROM
U.S. IN 1976 TOTALLED AT LEAST \$1 MILLION OR U.S. SHARE
OF JAPANESE MARKET WAS AT LEAST 10 PERCENT.

3. WE HAVE INCLUDED A LISTING FOR ISAC 1 BUT WITHOUT SUGGESTED RATES SINCE THE PRODUCTS ARE COVERED BY THE AGRICULTURAL REQUEST/OFFER PROCEDURE (SEE PARA 5 BELOW). OTHER ITEMS IN BTN 25-99 DESIGNATED BY JAPAN AS AGRICULTURAL HAVE ALSO BEEN INCLUDED IN THE APPROPRIATE ISAC'S BECAUSE WE BELIEVE ISAC ADVICE ON THESE ITEMS WILL BE USEFUL WHEREVER NEGOTIATIONS TAKE PLACE.

4. OUR COVER NOTE DOES NOT DESCRIBE RATIONALE FOR SPECIFIC RECOMMENDED RATES IN FINAL COLUMN. WE WOULD PREFER THIS BE COMMUNICATED ORALLY TO ISAC CHAIRMEN AND SUB-CHAIRMEN. POINTS THAT MIGHT BE MADE TO THEM INCLUDE THE FOLLOWING:

(A) WITH VERY FEW EXCEPTIONS (FILM, PAPER AND COMPUTERS), THE SUGGESTED RATES IN FINAL COLUMN DO NOT PRETEND TO REFLECT DETAILED PRODUCT-SPECIFIC KNOWLEDGE; WE LOOK TO THE ISAC TO SUPPLY THAT ESSENTIAL ELEMENT.

(B) WE CONSIDERED IT IMPORTANT TO INDICATE A DRAFT RECOMMENDED RATE FOR EACH ITEM RATHER THAN LEAVING IT BLANK (FOR ISACS TO FILL IN) BECAUSE THE FINAL AVERAGE OVERALL RATE WE WANT TO PROPOSE TO JAPAN SHOULD BE CLOSE TO THE FINAL AVERAGE RATE JAPAN WILL FACE IN THE U.S. MARKET IF U.S. OFFERS ARE IMPLEMENTED, I.E., 3.2 PERCENT. THE DRAFT RECOMMENDED RATES, IF IMPLEMENTED, WOULD BRING JAPAN'S WEIGHTED TARIFF AVERAGE DOWN TO 3.8 PERCENT FROM 6.0 PERCENT. THIS 3.8 PERCENT OVERALL RESULT LEAVES SOME LIMITED OFFICIAL USE

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PAGE 03 GENEVA 03284 01 OF 02 021308Z

ROOM FOR ISAC IDENTIFICATION OF PARTICULAR ITEMS WHERE FURTHER REDUCTIONS (INCLUDING ZERO DUTY) CONSIDERED PARTICULARLY USEFUL. ISACS SHOULD BE CAUTIONED TO BE HIGHLY SELECTIVE IN PROPOSING SUCH ADDITIONAL CUTS (UNLESS OFFSET BY WILLINGNESS TO ACCEPT HIGHER U.S. REQUEST RATES ON OTHER ITEMS).

(C) METHODOLOGY USED TO DEVELOP THE SUGGESTED RATE WAS ESSENTIALLY AS FOLLOWS:

(1) WE ARE PROPOSING IN ALL CASES SOME REDUCTION FROM CURRENTLY APPLIED JAPANESE TARIFFS (NOT JUST REDUCTIONS FROM GATT OR UNBOUND STATUTORY RATES).

(2) INITIAL STARTING POINT FOR OUR RECOMMENDED RATES WAS APPLICATION OF SWISS FORMULA (14X) TO JAPANESE APPLIED RATES WHICH WE THEN ADJUSTED DOWNWARD TO NEAREST HALF PERCENTAGE POINT. THIS ADJUSTMENT IS IMPORTANT FOR TWO REASONS. FIRST, IT AVOIDS OUR ASKING FOR MINISCULE CUTS THAT RESULT FROM APPLYING THE HARMONIZATION FORMULA TO RATES THAT ARE ALREADY LOW. SECONDLY, THE RESULTING ADJUSTMENTS APPEAR STATISTICALLY

TO BE RATHER ARBITRARY, THUS TENDING TO OBSCURE THE
RELATIONSHIP BETWEEN OUR SPECIFIC RATE REQUEST AND
APPLICABILITY OF THE SWISS FORMULA TO JAPANESE APPLIED
RATES. WE CONSIDER IT IMPORTANT TO BE ABLE TO ARGUE WE
ARE SIMPLY ASKING JAPAN FOR "GREATER-THAN-FORMULA CUTS"
WITHOUT REFERENCE TO THE BASE FROM WHICH THOSE CUTS
ARE MADE.

(3) IN CASE OF COMPUTERS, IT IS OUR UNDERSTANDING
THAT ISAC WANTED PARITY IN FINAL RATE WITH U.S. AND
JAPAN. THEREFORE, WE HAVE SUGGESTED 2.2 PERCENT AS
U.S. REQUEST FOR COMPUTERS AND RELATED PRODUCTS.

(D) TO PRESERVE A FINAL OVERALL AVERAGE OF U.S.
REQUESTS TO JAPAN CLOSE TO 3.2 PERCENT, SUBSTANTIAL CHANGES
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PAGE 04 GENEVA 03284 01 OF 02 021308Z

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PAGE 01 GENEVA 03284 02 OF 02 021308Z
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EUR-12 NEA-10 OIC-02 DOEE-00 /148 W
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TO SECSTATE WASHDC IMMEDIATE 6664
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LIMITED OFFICIAL USE SECTION 02 OF 02 GENEVA 03284

IN THE RECOMMENDED RATES TO DEEPER CUTS WILL REQUIRE
UPWARD ADJUSTMENT OF U.S. REQUEST RATES ON OTHER ITEMS
ADDING UP TO ROUGHLY COMPARABLE TRADE VALUE.

5. CONCERNING U.S. AGRICULTURAL TARIFF REQUESTS, WE

BELIEVE WE SHOULD ASK JAPAN TO RECONSIDER ALL U.S. REQUESTS
WE INITIALLY SUBMITTED ON NOVEMBER 1 SINCE JAPAN'S
AGRICULTURAL TARIFF OFFERS FULLY MET ONLY 2 OF OUR 86
SPECIFIC REQUESTS (ITEMS 05071 AND 16022(2)).

6. PLEASE KEEP US POSTED ON ISAC REACTIONS AND PROSPECTS
FOR GETTING AN INTER-AGENCY CLEARED REQUEST LIST INTO
JAPANESE HANDS BY MID-MARCH. DRAFTED BY CULBERT BUT
MIKE SMITH AND CARLOS MOORE DID UNDERLYING WORK ON WHICH
IT IS BASED. CULBERT

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TARIFFS
Control Number: n/a
Copy: SINGLE
Draft Date: 02 mar 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978GENEVA03284
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780095-0916
Format: TEL
From: GENEVA USMTN
Handling Restrictions: n/a
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Legacy Key: link1978/newtext/t197803116/aaaadufz.tel
Line Count: 179
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Litigation History:
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Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
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Previous Handling Restrictions: n/a
Reference: 78 GENEVA 2970
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3144662
Secure: OPEN
Status: NATIVE
Subject: PROPOSED U.S. REQUESTS FOR GREATER-THAN-FORMULA TARIFF CUTS BY JAPAN
TAGS: ETRD, JA, GATT, MTN
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/34e53dba-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
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20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014